

Low Cost Loan Programs

The division is responsible for several loan programs to help the agriculture community and others achieve various worthwhile goals for productivity, efficiency and environmental benefits for the people of Utah. At present the division has portfolios totaling more than one thousand loans with total assets of more than \$30 million. The quality of the portfolios is very high with low delinquencies and a history of minimal losses. The division cooperates with the Department of Environmental Quality (DEQ) in managing one loan program, and is in process of setting up another program with that agency. Cooperation with other departments of government provides for greater efficiency with minimized duplication of effort and provides the taxpayers with more efficiency in government. The existing programs are:

Agriculture Resource and Development Loan (ARDL) Program. This program is the largest portfolio, consisting of about 900 loans and nearly \$20 million outstanding. The program is managed by the division for the Utah Soil Conservation Commission in cooperation with the soil conservation districts throughout the State. The purpose of the loans is to finance improvements for land owners to provide for greater efficiencies in agriculture operations, range improvements, water and soil conservation, disaster assistance and environmental quality. The loans are written for a maximum of twelve year terms at three percent interest and carry a four percent administration fee that goes directly to the Utah Association of Conservation Districts (UACD) to help finance their operations. The program is a revolving fund which is growing at the rate of about \$1 million per year.

Rural Rehabilitation Loan Programs. These programs, funded by both State and federal monies, total about \$6 million, and consist of about 75 loans. The purpose of the loans is variously to help financially troubled producers to stay in business, to assist beginning farmers in obtaining farm property and to provide financing for transfer of agriculture properties from one generation to another. They are essentially loans of last resort requiring that applicants be declined by conventional commercial lenders. Terms range up to a maximum of ten years, and interest rates are five percent or less.

Petroleum Storage Tank (PST) Loans. This program is managed for DEQ to provide financing for property owners who have underground storage tanks that require removal, replacement or remediation. The portfolio consists of about 60 loans totaling about \$2 million. Loans are made for up to \$45,000 for a maximum ten year term at three percent interest.

The division is in process of developing another program with DEQ's Division of Water Quality to finance projects for eliminating or reducing non-point source water pollution on private lands. That program is expected to become operational later this year.